SENATE BILL 1838

By Norris

AN ACT to amend Tennessee Code Annotated, Title 67, Chapter 4; Section 67-6-224 and Title 67, Chapter 6, Part 3, relative to tax credits for headquarters facilities.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 67-6-224(a), is amended by deleting the subsection in its entirety and substituting instead the following:

(a) A taxpayer who establishes a qualified headquarters facility in this state shall be eligible for a credit of all state sales or use taxes paid to this state, except tax at the rate of one-half percent (0.5%), on the sale or use of qualified tangible personal property.

SECTION 2. Tennessee Code Annotated, Section 67-6-224(b)(9), is amended by deleting the subdivision in its entirety and by substituting instead the following:

(9) "Qualified headquarters facility" means a headquarters facility where the taxpayer has made the minimum investment during the investment period;

SECTION 3. Tennessee Code Annotated, Section 67-6-224(b)(7), is amended by deleting the subdivision in its entirety and by substituting instead the following:

(7)

(A) "Minimum investment" means:

(i) An investment by the taxpayer and the lessor to the taxpayer of at least ten million dollars ($10,000,000), during the investment period, in a building or buildings, either newly constructed, expanded or remodeled, along with the creation of at least one hundred (100) new full-

-time employee jobs in conjunction with the construction, expansion or remodeling of the facility; or

(ii) For any taxpayer that has established its international or national headquarters in this state and elects to expand its headquarters facility:

(*a*) An investment by the taxpayer and the lessor to the taxpayer of at least ten million dollars ($10,000,000), during the investment period, in a building or buildings, either expanded or remodeled, along with the creation of at least one hundred (100) new full-time employee jobs in conjunction with the expansion or remodeling of the facility;

(*b*) An investment by the taxpayer and the lessor to the taxpayer of at least fifty million dollars ($50,000,000), during the investment period, in a building or buildings, either expanded or remodeled, along with the creation of at least fifty (50) new full-time employee jobs in conjunction with the expansion or remodeling of the facility; or

(c) An investment by the taxpayer and the lessor to the taxpayer of at least one hundred million dollars ($100,000,000), along with the creation of at least one hundred (100) new full-time employee jobs in conjunction with the expansion or remodeling of the facility that has a capacity of at least five hundred (500) employees;

(B) "Minimum investment" includes, but is not limited to, the purchase price of an existing building and the cost of building materials, labor, equipment, furniture, fixtures, computer software, parking facilities and landscaping, but does not include land or inventory;

SECTION 4. Tennessee Code Annotated, Section 67-6-224(b)(11), is amended by deleting the following language in its entirety:

; provided, however, that "qualified tangible personal property" only includes such property that is directly related to the creation of the new full-time employee jobs

SECTION 5. Tennessee Code Annotated, Section 67-6-224(d), is amended by deleting subdivisions (4) and (5) in their entirety and by substituting instead the following:

(4)

(A) Any qualified tangible personal property purchased or leased by a taxpayer making a minimum investment as defined in subdivision (b)(7)(A)(i) must only include such property that is directly related to the creation of the new full-time employee jobs; provided, that in order to receive the credit, the taxpayer shall certify, on a form prescribed by the department, the number of new full-time employee jobs created and that the purchases of qualified tangible personal property for which the credit is claimed are directly related to the creation of the new full-time employee jobs.

(B) Any employees in new full-time employee jobs created by a taxpayer making a minimum investment under subdivision (b)(7)(A)(ii) shall not be required to be employed and located at the facility that is expanded or remodeled; provided, that the employees shall be employed and located in a facility that is on the campus or site of the qualified headquarters facility. The employees may be employed by either the taxpayer or an affiliate or subsidiary of the taxpayer. The taxpayer shall certify, on a form prescribed by the department, the number of new full-time employee jobs created and that the employees are located and employed in a facility that is located on the headquarters site or campus and that is operated by the taxpayer or an affiliate or subsidiary of the taxpayer.

(5) The commissioner shall review the claim for credit, and notify the taxpayer of the approved tax credit amount and provide direction for taking the credit. The taxpayer may not take the credit until the commissioner has notified the taxpayer of the amount approved and provided direction to the taxpayer on the proper methodology for taking the credit. The credit may only be taken by the taxpayer establishing the qualified headquarters facility.

SECTION 6. This act shall take effect upon becoming a law, the public welfare requiring it, and shall apply to minimum investments beginning on or after January 1, 2012.